MARKETING AGREEMENT FOR MILK
FALLS CITIES METROPOLITAN SALES AREA

I

The parties to this Agreement are the contracting producers, the contracting distributors, and the Secretary of Agriculture of the United States.

WHEREAS, it is the declared policy of Congress, as set forth in Section 2 of the Agricultural Adjustment Act, approved May 12, 1933, as amended

(1) to establish and maintain such balance between the production and consumption of agricultural commodities and such marketing conditions therefore, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period; the base period in the case of all agricultural commodities except tobacco being the pre-war period, August 1909 - July 1914, and in the case of tobacco, the base period being the post-war period, August 1919 - July 1929;

(2) to approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate as is deemed feasible in view of the current consumptive demand in domestic and foreign markets; and

(3) to protect the consumers' interest by readjusting farm production at such level as will not increase the percentage of the consumers' retail expenditures for agricultural commodities, or products derived therefrom which is returned to the farmer, above the percentage which was returned to the farmer in the pre-war period, August 1909 - July 1914; and

WHEREAS, it is understood that to effectuate such declared policy, the contracting producers shall receive a fair proportion of the financial benefits resulting to the contracting distributors from this Agreement and acts done pursuant thereto until parity is achieved for the contracting producers, and that subject to the foregoing, at all times, efforts will be made by the contracting distributors to yield to the consumers a fair proportion of such financial benefits and savings; and

WHEREAS, pursuant to the Act, the parties hereto, for the purpose of correcting the conditions now obtaining in the marketing of graded milk produced in the Falls Cities Milk Shed and in the marketing of fluid milk distributed in the Falls Cities sales area, desire to enter into a marketing agreement under the provisions of Section 8 (2) of the Act, and

WHEREAS, Falls Cities Cooperative Milk Producers Association, Inc. markets more than 75 per cent of the graded milk distributed in the Falls Cities sales area, and represents that it has corporate power and authority to enter into this Agreement; and

WHEREAS, the contracting distributors distribute more than 65 per cent of the fluid milk distributed in the Falls City sales area, which fluid milk comprises substantially all the graded milk marketed by the Falls Cities Cooperative Milk Producers Association, Inc.; and

WHEREAS, the marketing of graded milk produced for distribution in the Falls City sales area and the distribution thereof are in both the current of interstate commerce and the current of intrastate commerce which are inextricably intermingled,

NOW, THEREFORE, the parties hereto agree as follows:

As used in this Agreement, the following words and phrases shall be defined as follows:

A. "Fluid Milk" means milk, cream, and any other of the articles listed in Exhibit C which are sold in the Falls Cities sales area.

B. "Grade A Milk" means milk produced in the Falls Cities Milk Shed and conforming to the requirements for Grade A Milk of the laws of the States of Kentucky and/or Indiana and the municipal Ordinances and Board of Health regulations of any municipality within the Falls Cities sales area, and sold for consumption in the Falls City sales area.

C. "Grade B Milk" means milk produced in the Falls Cities Milk Shed and conforming to the requirements for Grade B Milk of the laws of the States of Kentucky and/or Indiana and the municipal Ordinances and Board of Health regulations of any municipality within the Falls Cities sales area, and sold for consumption in the Falls Cities sales area.

D. "Graded Milk" means Grade A Milk and Grade B Milk.

E. "Contracting Producers" means Falls Cities Cooperative Milk Producers Association (a non-profit corporation organized and existing under the laws of the State of Kentucky) and such producers and associations of producers of graded milk, sold for consumption as fluid milk in the Falls Cities sales area, irrespective of whether any such party performs any of the services set forth in paragraph F, as may become parties signatory to the Agreement according to the terms thereof.

F. "Contracting Distributors" means any such persons who distribute fluid milk for consumption in the Falls Cities sales area, irrespective of whether any such person is also a producer of milk, as may become parties signatory to the Agreement according to the terms thereof:

G. "Falls Cities Milk Shed" means the farms of all producers of graded milk which have been inspected and approved by any municipality in the Falls Cities sales area, and which are located in the counties of Clark, Floyd, Harrison, Washington, Scott and Jefferson in Indiana; the counties of Jefferson, Oldham, Trimble, Henry, Shelby, Spencer, Nelson, Bullitt, Hardin, Meade, and the Leitchfield District in Grayson County in Kentucky.

H. "Falls Cities Sales Area" means the county of Jefferson and the Fort Knox Reservation in Hardin, Bullitt and Meade Counties in Kentucky and the counties of Floyd and Clark in Indiana.

I. "Committee" means the Equalizing Fund Committee appointed pursuant to paragraph 1, Article B of Exhibit B.

J. "Secretary" means the Secretary of Agriculture of the United States.

K. "Act" means the Agricultural Adjustment Act, approved May 12, 1933, as amended.

L. "Person" means individual, partnership, corporation, association, or any other business unit.

M. "Dairy Council" means the Central Dairy Council, Inc. (a non-profit corporation organized and existing under the laws of the State of Kentucky.)

III

1. The schedule governing the prices at which, and the terms and conditions under which graded milk shall be sold by the contracting producers and purchased by the contracting distributors shall be that set forth in Exhibit A, which is attached hereto and made a part hereof. Such schedule may be changed from time to time by agreement between the contracting producers and the contracting distributors, provided that such changes shall become effective only upon the written approval of the Secretary. Payments to Dairy Council made pursuant to paragraph 5 hereof, payments to the Committee made pursuant to Exhibit B, and payments to Falls Cities Cooperative Milk Producers Association, Inc., made pursuant to membership agreements, shall, respectively, be deemed part of the price paid to producers.

2. The plan governing the marketing of milk shall be that set forth in Exhibit B, which is attached hereto and made a part hereof. Such plan may be modified by agreement between the contracting producers and the contracting distributors, provided that any such modified plan shall become effective only upon the written approval of the Secretary.

3. The contracting distributors agree that they will not purchase milk from or distribute milk of any producer or association of producers not a contracting producer unless such producer or association of producers agrees to participate in the marketing plan set forth in Exhibit B and authorizes such contracting distributors to make payment in accordance with such marketing plan.

4. The schedule governing the prices at which and the terms and conditions under which, fluid milk shall be distributed and sold by the contracting distributors shall be that set forth in Exhibit C, which is attached hereto and made a part hereof. Such schedule may be changed by agreement between the contracting producers and the contracting distributors, provided that any such changes shall become effective only upon the written approval of the Secretary.

5. The contracting distributors agree that they will not purchase milk from any producer not a member of the Falls Cities Cooperative Milk Producers Association, Inc., unless such producer authorizes the purchasing contracting distributor to pay over to Dairy Council the same amount per Cwt. of milk purchased which the members of the Falls Cites Cooperative Milk Producers Association, Inc. are then authorizing the contracting distributors to pay over to the Falls Cities Cooperative Milk Producers Association, Inc. on behalf of its members; and said purchasing contracting distributor shall simultaneously with making payment to the producer for milk purchased, make payment as aforesaid to Dairy Council. The sums so paid shall be kept as a separate fund by Dairy Council for the purpose of securing to said producers not members of Falls Cities Cooperative Milk Producers Association, Inc., credit losses of the Equalizing Fund, credit losses to producers, advertising, educational and other benefits similar to those which are secured by the members of the Falls Cities Cooperative Milk Producers Association, Inc. by virtue of their like payments to Falls Cities Cooperative Milk Producers Association, Inc. The contracting producers and the contracting distributors undertake that Dairy Council shall disburse such funds for the purposes hereinabove provided and that Dairy Council shall keep separate books and records in form satisfactory to the Secretary pertaining to such funds, which said books and records of the Dairy Council shall be subject to the examination of the Secretary during the usual hours of business and Dairy Council shall from time to time furnish to the Secretary such information as the Secretary may require.

6. The contracting distributors agree that they will purchase all the milk (provided it meets all the health requirements provided for in this Agreement) tendered by all producers within the Falls Cities Milk Shed who have established bases, and that they will not purchase any milk from producers who have no established bases.

7. All producers of milk not members of the Falls Cities Cooperative Milk Producers Association, Inc. shall be permitted to become members of the Falls Cities Cooperative Milk Producers Association, Inc. on an equal basis with the existing members similarly circumstanced.

8. The contracting producers and the contracting distributors shall severally maintain systems of accounting which shall accurately reflect the true account and condition of their respective businesses. Their respective books and records shall, during usual hours of business, be subject to the examination of the Secretary to assist him in the furtherance of his duties with respect to this agreement, including verification by the Secretary of the information furnished on the forms hereinafter referred to. The contracting producers and the contracting distributors shall severally from time to time furnish information to the Secretary on and in accordance with forms to be supplied by him. All information obtained by or furnished to the Secretary pursuant to this paragraph, if designated in writing as confidential when obtained or so furnished, shall remain the confidential information of the Secretary, and shall not be disclosed by him except upon lawful demand by the President, by either House of Congress, or any committee thereof, or by any court of competent jurisdiction or when offered in evidence in any hearing authorized by the Act for the suspension or revocation of the license of the person from whom said

information was obtained or by whom it was furnished. The Secretary, however, may combine and publish the information obtained from producers and/or distributors in the form of general statistical studies or data. The Secretary hereby agrees to issue regulations and prescribe penalties to be imposed in the event of any violation of the confidence or trust imposed hereby.

9. The standards governing the production, receiving, transportation, processing, bottling and distribution of fluid milk shall be those required by the laws and regulations of the states and the ordinances, rules and regulations of the municipalities, where it is produced and where it is sold.

10. The rules of fair practices set forth in Exhibit D, which is attached hereto and made a part hereof, shall be the rules of fair practices for distributors in the Falls Cities sales area. Such rules may be changed by agreement between the contracting distributors, provided that any change shall become effective only upon the written approval of the Secretary.

11. This Agreement shall become effective at such time as the Secretary may declare above his signature attached hereto, and this Agreement shall continue in force until terminated in one of the following ways:

(a) The Secretary may at any time terminate this Agreement by giving at least twenty-four hours' notice by means of a press release or in any other manner which the Secretary may determine.

(b) The Secretary may, for good cause shown, at any time terminate this Agreement as to any party signatory hereto, by giving notice in writing by registered mail and addressed to such party at the address of such party on file with the Secretary.

(c) The Secretary shall terminate this Agreement upon the request of 80 per cent of the contracting producers of 70 per cent of the contracting distributors, such percentage to be measured by the volume of milk marketed or distributed respectively, by giving notice in the same manner as provided in subdivision (a) above.

(d) This Agreement shall in any event terminate whenever the provisions of the Act authorizing it shall cease to be in effect.

12. This Agreement confers no exemption from the anti-trust laws and does not make lawful any acts otherwise unlawful, excepting as provided in the Act to the extent necessary to accomplish the purposes of this Agreement.

13. The benefits, privileges and immunities conferred by virtue of this Agreement shall cease upon its termination except with respect to acts done prior thereto; and the benefits, privileges and immunities conferred by virtue of this Agreement upon any party signatory hereto shall cease upon its termination as to such party except with respect to acts done prior thereto.

14. The contracting producers and contracting distributors shall use their best efforts to assure the observance of the terms and conditions of this Agreement by such producers and distributors. Subject to such regulations as the Secretary may prescribe, the contracting producers and the contracting distributors shall establish such agency or agencies as are necessary to : (a) receive complaints as to violations by any contracting producer or contracting distributor of the terms or conditions of this Agreement; (b) adjust disputes arising under this Agreement between contracting producers and/or contracting distributors; (c) make findings of fact, which may be published; (d) issue warnings to such persons; and (e) take such lawful measures as may be appropriate; and such agency or agencies, if it or they deem it necessary, shall report its or their findings and action with respect thereto to the Secretary for appropriate proceddings under the Act.

15. This Agreement may be executed in multiple counterparts, which, when signed by the Secretary, shall constitute, taken together, one and the same instrument as if all such signatures were contained in one original.

16. After this Agreement first takes effect any producer or association of producers of graded milk for consumption as fluid milk or any distributor of fluid milk, may become a party to this Agreement if a counterpart thereof is executed by him and by the Secretary. The Agreement shall take effect as to such producer and/or distributor at such time as the Secretary may declare above his signature attached to such counterpart, and the benefits, privileges, and immunities conferred by the Agreement, shall then be effective as to such producer and/or distributor.

17. The contracting distributors hereby apply for and consent to licensing by the Secretary, subject to Milk Regulations, Series 1, and General Regulations, Series 3 of the Agriculatural Adjustment Administration, together with amendments thereto, prescribed by the Secretary and approved by the President, and not otherwise.

18. The Secretary may name any person to act as his agent in connection with any of the provisions contained herein to be performed by the Secretary.

19. Nothing herein contained shall be construed in derogation of the rights of the Secretary to exercise any powers granted him by the Act, and, in accordance with such powers, to act in the premises whenever he shall deem it advisable.

IN WITNESS WHEREOF the contracting producers and the contracting distributors, acting under the provisions of the Agricultural Adjustment Act, for the purposes and within the limitations herein contained, and not otherwise, have hereunto set their respective hands and seals.

_____ _____

_____ _____

WHEREAS it is provided by Section 8 of the Act as follows:

"Sec. 8. In order to effectuate the declared policy, the Secretary of Agriculture shall have power --

"(2) To enter into marketing agreements with processors, associations of producers, and other engaged in the handling, in the current of interstate or foreign commerce, of any agricultural commodity or product thereof, after due notice and opportunity for hearing to interested parties. The making of any such agreement shall not be held to be in violation of the antitrust laws of the United States, and any such agreement shall be deemed to be lawful; Provided, that no such agreement shall remain in force after the termination of this Act"; and

WHEREAS, due notice and opportunity for hearing to interested parties has been given pursuant to the provisions of the Act and the Regulations issued thereunder; and

WHEREAS, it appears, after due consideration, that this is a marketing agreement between the Secretary and persons engaged in the handling of milk and its products within the meaning of said Section in the current of interstate commerce and effectuates the declared policy of the Act; and

WHEREAS, it appears, after due consideration, that the aforesaid marketing agreement will tend to effectuate the policy of Congress set forth in Section 2 of the Act in that such marketing agreement will:

(a) establish and maintain such balance between the production of milk in the Falls Cities Milk Shed and the consumption of such milk and its products in the Falls Cities sales area and such marketing conditions therefor as will reestablish prices to the producers thereof at a level that will give such agricultural commodity a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of such agricultural commodity in the base period as defined in Section 2 of the Act; and

(b) approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate as is possible in view of current consumptive demand in domestic and foreign markets; and

(c) protect the consumers' interest by retaining the production of such agricultural commodity at such level as will not increase the percentage of the consumers' retail cost for such agricultural commodity or products derived therefrom which was returned to the farmers above the percentage which was returned to the farmers in the pre-war period August, 1909-July 1914; and

WHEREAS, I herewith give notice that

(1) The terms and conditions of this Agreement are agreed to as reasonable only in the light of conditions now prevailing in the falls Cities Milk Shed and are not to be regarded as a precedent for marketing agreements.

for other milk sheds or for future marketing agreements for the Falls Cities Milk Shed; and

(2) the Secretary reserves the privilege of approving a blanket marketing agreement, pursuant to Section 8 (2) of the Act, for all milk sheds, which blanket marketing agreement may make specific modifications for any particular designated milk shed to conform to the conditions then prevailing in such specific milk shed.

NOW, THEREFORE, I, HENRY A. WALLACE, Secretary of Agriculture, acting under the provisions of the Agricultural Adjustment Act, for the purposes and within the limitations therein contained, and not otherwise, do hereby execute this Agreement under my hand and official seal of the Department of Agriculture, in the City of Washington, District of Columbia, on this _____ _____day of November, 1933; and pursuant to the provisions thereof, I declare this Agreement to be effective on and after 12:01 a.m. central standard time, November _____1933.

_____
Secretary of Agriculture

EXHIBITS TO AGREEMENTS

EXHIBIT A

PRICES TO BE PAID PRODUCERS

1. The words "producers" and "distributors" includes both contracting producers and contracting distributors as defined in the Agreement and also producers and distributors as defined in the License issued by the Secretary of even date herewith.

2. For the purpose of determining the price to be paid to producers, graded milk shall be classified as follows:

Class I Milk shall include all Grade A Milk and Grade B Milk used or otherwise disposed of as whole milk, whether wholesale, retail, or otherwise and includes milk used for flavored milk; and shall also include the difference between 98 per cent of all milk delivered to any distributor and the total reported sales of such distributor in the several classes herein.

Class II-A Milk shall include all Grade A Milk and Grade B. Milk used or otherwise disposed of as fluid cream, whether wholesale, retail or otherwise and milk used for the manufacture of cottage cheese, plain or churned buttermilk, and any other items required to come from Grade A. Milk and/or Grade B Milk by the ordinances of the city or municipality in which fluid milk is sold.

Class II-B Milk shall include all Grade A Milk or Grade B Milk used or sold for manufacture into ice cream, ice cream mix or sold as starter milk for butter purposes.

Class III Milk shall include all Grade A Milk and Grade B Milk used or sold for manufacture into American cheese; milk going into condensed, evaporated or powdered milk; milk for baking purposes; milk going into butter; and shall also include all deliveries to any contracting distributor not reported as sold in the several classes herein and not charged for at Class I prices as herein provided.

3. The price f.o.b. distributor's platform, at which sales in the above classes shall be accounted for to producers for Grade A Milk and Grade B Milk, subject to the provisions of Exhibit B, shall be as follows:

(a) Class I Milk - Grade B Milk: $2.25 per cwt.

(b) Class I Milk - Grade A Milk: At least 40¢ per cwt, shall be added to the price for Class I Milk, Grade B. Milk.

(c) Class II-A Milk - (Both Grade A Milk and Grade B Milk): $1.85 per cwt.

(d) Class II-B Milk - (Both Grade A Milk and Grade B Milk): Add 20¢ to four times the average price of 92 score creamery butter at wholesale in the Chicago market as reported by the United States Department of Agriculture for the calendar month during which the milk is sold. The price so determined shall not be less than the price for Class III Milk.

(e) Class III Milk - (Both Grade A Milk and Grade B Milk): The price each month shall be arrived at by averaging the amount of Class III Milk purchased during such month at the prices paid as the result of semi-monthly competitive bidding, which bidding may result in varying prices dependent on the product into which Class III Milk is manufactured.

4. The foregoing prices are based on milk testing 4% butterfat and shall be subject to a differential for each 1/10 of 1% butterfat above or below 4% determined as follows:

When 92 score Chicago Wholesale Butter Averages Between: Cents per pound	Premiums or Deductions per 1/10 of 1% Shall be:
15 and 19.99	2¢
20 and 24.99	2 1/2¢
25 and 29.99	3¢
30 and 34.99	3 1/2¢
35 and 39.99	4¢
40 and 44.99	4 1/2¢
45 and 49.99	5¢

5. Miscellaneous provisions for the purpose of this Exhibit and Exhibit B:

(a) Milk shall be classified as to its recognized grade when first received by the distributor and shall be paid for accordingly.

(b) Payments to producers by distributors for milk received during any month shall be made for pay periods ending on the last day of such month and shall be made not later than the tenth working day after the close of each period.

(c) On or before the 20th working day of each month each distributor shall furnish to the Committee, upon forms provided by the Committee, a complete lise of all producers who delivered milk to him during the preceding pay period, setting forth the amount of milk delivered by each producer and average butterfat test of such milk.

(d) Payments to Dairy Council and to the Falls Cities Cooperative Milk Producers Association, Inc., shall be made on or before the 10th working day of each month for milk marketed during the preceding month.

(e) All milk shall be purchased by weight and test. The correct butter fat content shall be determined by the Babcock Test, following procedure laid down by the University of Kentucky and Purdue University for the proper sampling and testing of milk and cream. Qualified representatives of the Committee may verify weights and butterfat tests for producers at any time during the usual hours of business. Discrepancies shall be corrected not later than the last day of the month succeeding the month in respect of which the errors are ascertained.

EXHIBIT B
MARKETING PLAN

Base Rating Plan and Method of Payment to Producers

In order to allocate equitably among producers in the Falls Cities Milk Shed the proceeds of the sale of Class I Milk and Class II-A Milk, each producer in the Falls Cities Milk Shed whose Grade A Milk and/or Grade B Milk is delivered to the Falls Cities sales area shall be given a base by the Committee as hereinafter provided.

The words "producers" and "distributors" include both contracting producers and contracting distributors as defined in the Agreement and also producers and distributors as defined in the License issued by the Secretary of even date with the Agreement.

A. Establishment of Bases.

1. Producers Starting On or Prior to October 1, 1931.

The base for each producer delivering graded milk on the effective date of the Agreement who was delivering grade milk on or prior to October 1, 1931 shall be determined by ascertaining (a) the average daily deliveries of graded milk by such producer during the period October 1, 1931 - March 31, 1932 and (b) the average daily deliveries of graded milk by such producer during the period July 1, 1932 - March 31, 1933, adding the two results thus obtained and dividing the sum thereof by two.

2. Producers Starting After October 1, 1931 but Prior to April 1, 1932.

The base for each producer delivering graded milk on the effective date of the Agreement who was delivering graded milk prior to April 1, 1932, but not on or prior to October 1, 1931, shall be determined by ascertaining (a) the average daily deliveries of graded milk by such producer for that part of the

period October 1, 1931 - March 31, 1932, during which such producer was delivering graded milk and (b) the average daily deliveries of graded milk by such producer during the period July 1, 1932 - March 31, 1933; adding the two results thus obtained, and dividing the sum thereof by 2.

3. Producers Starting On or After April 1, 1932 but Prior to July 2, 1932.

The base for each producer delivering graded milk on the effective date of the Agreement who was delivering graded milk prior to July 2, 1932 but not prior to April 1, 1932, shall be determined by ascertaining the average daily deliveries of graded milk by such producer during the period July 1, 1932 - March 31, 1933, and dividing the result thus obtained by 2.

4. Producers Starting on or After July 2, 1932 but Prior to April 1, 1933.

The base for each producer delivering graded milk on the effective date of the Agreement who was delivering graded milk prior to April 1. 1933, but not on or prior to July 2, 1932, shall be determined by ascertaining the average daily deliveries of graded milk by such producer for that part of the period July 1, 1932 - March 31, 1933, during which such producer was delivering graded milk and dividing the result thus obtained by 2.

5. Producers Starting After April 1, 1933 but Prior to the Effective Date of this Agreement.

The base for each producer delivering graded milk on the effective date of the Agreement but not delivering graded milk prior to April 1, 1933, shall be determined by ascertaining the average daily deliveries of graded milk by such producer during the first 90 days of such deliveries or such part thereof as shall have elapsed on the effective date of the Agreement and dividing the result thus obtained by 4.

6. New Producers.

Any new producer (the term "new producers" as used in this exhibit shall mean any producer who commences to deliver graded milk after the effective date of the Agreement) will be allowed to establish a base as hereinafter provided and to deliver graded milk on the basis of such established base, only if such new producer obtains a certificate of necessity (stating that marketing conditions permit the issuance thereof) from the Equalizing Fund Committee entitling him to a base and to deliver graded milk pursuant to the same, by making due written application to the Equalizing Fund Committee upon forms supplied by the Equalizing Fund Committee. In the event that any such new producer is denied a certificate of necessity after having made due written application to the Equalization Fund Committee, he shall have the right of immediate appeal to the Secretary in a manner to be determined by the Secretary. In the event that a certificate of necessity is issued to a new producer, his established base shall be equal to 25% of his average daily delivieries of graded milk during the first 90 days in which he makes such deliveries.

7. Transfer of Bases.

Bases shall not be sold, bought or transferred except as provided in paragraph 8 of this article. There shall be only one base for a farm. A producer changing from one distributor to another shall receive the same base with the new distributor as he had with the old distributor; provided two (2) weeks notice was given to the Committee before making such change.

8. Holding Bases.

The base shall go with the farm except when the herd of cows is moved enbloc to another farm in the Falls Cities Milk Shed and kept intact thereon for a period of six months. Farms ceasing to deliver Grade A Milk and/or Grade B Milk (except as provided in paragraph 10 of this article) shall hold their established base for a period of 45 days from the date of last delivery.

9. Penalty for Delivering Under Bases.

Producers delivering less than 75% of their base for three consecutive months (other than April, May and June) shall have a new base equal to the average of such deliveries during such periods.

10. Effect of fire, etc.

The base shall remain in effect for a period of three months following the initial test for tuberculosis by State or Federal authorities or contagious abortion, the loss of barn or herd or both by fire, or the loss of herd by lightning. The base shall be retained for a period of 45 days in case any Board of Health shall shut off or exclude the farm from the delivery of graded milk; and in case of quarantine, for the period of quarantine.

11. Transfer of Milk.

Milk must not be transferred between producers for the purpose of taking advantage of favorable or unfavorable base positions. Excess over base may be kept on the farm or sold only with base milk. Should such excess be sold by any producer in competition with milk delivered to any other distributor, such producer shall lose his base.

12.

A producer with a base who, as tenant, rents a farm may retain his base, and if he rents a farm for cash, the farm having no base, he is limited to his individual base.

13.

A landlord who rents on shares is entitled to the entire base to the exclusion of the tenant if the landlord owns the entire herd on such farm. If cattle are owned jointly, whether in a landlord and tenant relationship or otherwise, the base will be divided between the joint owners according to their respective interests in the cattle.

14.

The separate bases of any landlord and his tenant or tenants may be handled as a single base.

B. Organization of and Administration by Equalizing Fund Committee.

1. The contracting producers and contracting distributors agree that they will name an Equalizing Fund Committee to operate the equalizing fund provided for in Article E. The initial committee shall consist of three members: one member shall be appointed by the contracting producers handling at least 80% of the graded milk delivered to the Falls Cities Sales Area; one member shall be appointed by the contracting distributors, handling at least 70% of said graded milk; and the third member shall be appointed by the President of the University of Kentucky. All appointments shall be in writing delivered to the Secretary and shall be subject to the approval of the Secretary. Successor members of the Committee shall be appointed in the same manner as above provided for the appointment of the original members of the Committee, and members of the Committee and successors of such members may be removed in the same manner as that in which they were appointed. If for any reason a vacancy shall exist in the office of a member of the Committee for a period of more than ten days, the Secretary may fill such vacancy; but nothing contained in the Agreement shall be construed to constitute the Committee or any member thereof the agent or representative of the Secretary.

2. The decision of a majority of the Committee shall be final and conclusive. No action of the Committee shall be construed as limiting any power of the Secretary under the Act, or under the rules and regulations issued thereunder or under the Agreement.

3. The Committee shall have power to employ such assistants, clerks, and accountants as it may deem necessary in the performance of its duties.

4. The expenses of the Committee in an amount not exceeding 1 cent per cwt. of graded milk distributed in the Falls Cities sales area shall be paid monthly, by producers pro rata in accordance with the amount of graded milk marketed during such month. The amount payable by producers shall be deducted by the contracting distributors from the amounts otherwise due producers and shall be paid to the Committee. The Committee shall account semi-annually to the parties hereto for the amounts received by it hereunder.

C. Information to the Committee.

1. The respective books and records of contracting producers and contracting distributors shall, during usual hours of business, be subject to the examination of the Committee (or its duly authorized representative) to the extent necessary to permit the Committee to obtain the information required by it for the proper performance of its duties hereunder. All information obtained by or furnished to the Committee pursuant to the provisions of the Agreement shall remain the confidential information of the Committee, and shall not be disclosed by it except to the Secretary upon his request, and except that the Committee shall compile and publish from time to time the information from

producers and/or distributors in the form of statistical studies or data pertaining to production, distribution and other marketing conditions in the Falls Cities Milk Shed and the Falls Cities sales area, and shall upon request, furnish to each such producer or distributor a copy of the information obtained from the books of the requesting party. The Committee shall furnish the Secretary with such information as the Secretary may from time to time request.

2. On or before the fifth working day of each month each contracting distributor shall submit a detailed statement to the Committee on forms furnished by it setting forth the total amount of milk purchased by contracting distributors together with the amount used in the various classes as set forth in Exhibit A during the preceding month.

3. The Committee shall employ a certified public accountant who shall audit the reports submitted by contracting distributors for the preceding month and any discrepancies found will be adjusted when the next month's equalizing fund is computed.

D. Method of Equalizing Prices to Producers.

1. The Committee shall determine for each month the total delivered bases of all producers delivering to contracting distributors and the total sales in terms of cwts. of contracting distributors in Class I and in ClassII-A as defined in Exhibit A.

(a) If said total delivered bases exceed or are equal to said sales in Class I and Class II-A, then the ratio of said sales to said delivered bases shall be applied against the delivered bases of each individual producer and the resulting quantities shall be those in respect of which each individual producer shall receive, the blended price determined as hereinafter provided in paragraph 2 of this article.

(b) If said total sales of contracting distributors in Class I and in Class II-A exceed said total delivered bases, then each producer shall, for an amount equal to his respective delivered base, receive a blended price determined as hereinafter provided in paragraph 3 of this article; and for the excess of each such producer's actual deliveries in excess of his delivered base, he shall receive a blended price determined as hereinafter provided in paragraph 4 of this article.

2. Blended Price Where Delivered Bases Exceed or Equal Class I and Class II-A Sales.

(a) Multiply total quantities per cwt. sold by contracting distributors in Class I by the Class I Grade B price as set forth in Exhibit A.

(b) Multiply total quantities per cwt. sold by contracting distributors in Class II-A by the Class II-A price as set forth in Exhibit A.

(c) Add the results as computed in paragraphs (a) and (b) above and divide the resulting sum by the total quantities per cwt. sold by contracting

distributors in Class I and in Class II-A, The result will be the blended price to be paid producers per cwt. delivered bases adjusted in accordance with the provisions of paragraph 1 (a) of this article.

3. Blended Price of Delivered Base Milk Where Total Class I and Class II-A Sales Exceed Total Delivered Bases.

(a) Multiply the total quantities per cwt. of sales by contracting distributors in Class I (but not in excess of an amount equivalent to total delivered bases) by the Class I Grade B price.

(b) Multiply the excess, if any, of total delivered bases over total Class I Sales by the Class II-A price.

(c) Add the results as computed in paragraphs (a) and (b) above and divide the resulting sum by the total delivered bases. The result will be the blended price to be paid producers for each cwt. of their respective delivered bases as provided in paragraph 1 (b) of this article.

4. Blended Price for Deliveries in Excess of Delivered Bases where Sales in Class I and Class II-A exceed Delivered Bases.

(a) Deduct from total deliveries of producers the quantities of delivered bases, the result being the total deliveries in excess of delivered bases.

(b) If there be any excess of sales in Class I over total delivered bases, multiply such excess by the Class I Grade B price.

(c) If there be any excess of Class I Sales over delivered bases, or if Class I sales equal total delivered bases, then multuply total quantities of sales by distributors in Class II-A by the Class II-A price.

(d) If total delivered bases exceed sales in Class I, but do not exceed sales in Class I and sales in Class II-A taken together, then multiply the difference between (1) the sum of the total sales in Class I and sales in Class II-A taken together and (2) the total delivered bases by the Class II-A price.

(e) Add the results as computed in paragraphs (b) and (c) above if there be an excess of Class I sales over delivered bases, or take the results computed in paragraph (c) above if Class I sales equal total delivered bases, or take the result as computed in paragraph (d) above if total delivered bases exceed Class I sales, and divide the several results as the case may be by the total deliveries in excess of total delivered bases as computed in paragraph (a) above. The result will be, according to the several contingencies above set forth, the blended price per cwt., to be paid each of the producers pro rata in respect of such producer's actual deliveries over his delivered bases as provided in paragraph 1 (b) above.

5. Blended Price of Deliveries of Producers in Excess of Delivered Bases on Account of Sales by Distributors in Class II-B and Class III.

(a) Deduct from total deliveries of producers the quantities of delivered bases, the result being the total deliveries in excess of delivered bases.

(b) Multiply the total quantities per cwt. sold by distributors in Class II-B by the Class II-B price set forth in Exhibit A.

(c) Multiply total quantities per cwt. sold by distributors in Class III by the Class III price as set forth in Exhibit A.

(d) Add the results computed in paragraphs (b) and (c) above and divide the resulting sum by the total deliveries in excess of total delivered bases as computed in paragraph (a) above. The result will be the blended price per cwt. to be paid each of the producers pro rata in respect of such producer's actual deliveries over his delivered base.

6. Payments to be made Producers.

The total payment to be made each producer shall be the sum of the blended prices determined pursuant to paragraphs 1, 2, 3, 4, and 5 above in respect to Class I sales, Class II-A sales, Class II-B sales and Class III sales.

The Committee shall report as promptly as possible to each distributer the several blended prices payable to each of the producers delivering milk to such distributor during each month and the cost according to the use of the milk delivered to each such distributor during such month. Such distributor shall pay each producer the amount to which such producer may be entitled on or before the 10th business day of the following month.

E. Adjustment between Distributors.

1. Each distributor whose payments to producers during any month are less than the actual cost of the various classes of milk during such month shall pay the difference into an equalizing fund. The Committee shall mail to such distributor not later than the 10th of the following month a statement of such difference, and each such distributor shall pay such difference into the equalizing fund not later than the 10th business day of such month. The Committee shall, on or before the 15th business day of such month, distribute the amounts so paid pro rata among distributors whose actual payments to producers are in excess of the cost according to use of milk delivered during the preceding month.

2. Premiums or discounts for differentials and bonuses for Grade A milk over and above the established price to producers for 4% milk shall not be included in the above computations and shall be paid by distributors, directly to producers at the time of making payments to them as provided in paragraph 6 of Article D.

3. Grade A Milk or Grade B Milk purchased at not less than the established price for Class I Milk, for distribution as Class I Milk in time of shortage, from producers not having established bases hereunder may, with the approval of the Committee, be deducted from sales of Class I Milk and Class II-A Milk before making the above computations, irrespective of whether or not such milk was sold as Class I Milk. Payments for milk, the purchases of which are so deducted shall also be excluded from the above computations and shall be made directly by the purchasing distributor to such producers.

EXHIBIT C

PRICE SCHEDULE FOR CONTRACTING DISTRIBUTORS' SALES

(a) Sales of the following articles in the Falls Cities sales area made by contracting distributors shall be at the price hereinafter set forth in this exhibit.

(b) Sales of the following articles in containers shall be made only in containers of the sizes and types specified, and where a grade and/or percentage of butterfat content is specified only at the specified grade and/or percentage.

(c) It shall not be deemed a violation of the Agreement to add to the sales price of any article or articles hereinafter specified in this exhibit any sales, receipts, or occupational taxes imposed by the laws of any State if permitted by such laws; but any such additions shall be uniform as to all contracting distributors.

I. WHOLESALE PRICE SCHEDULE - DELIVERED TO VENDEE'S PREMISES OR OTHER WHOLESALE STOPS.

1. Milk, Creamed or Churned Buttermilk or Flavored Milk

Per Gallon (full 5 gallon can or larger)	$ .32
Per Gallon (less than five gallon lot)	.36
Per Quart Bottle	.09
Per Pint Bottle	.06
Per Half Pint Bottle	.03

2. Buttermilk - Plain

Per Gallon (full 5 gallon can or larger)	.20
Per Gallon (less than 5 gallon lot)	.24
Per Quart Bottle	.07
Per Pint Bottle	.05
Per Half Pint Bottle	.03

3. Cream - Bulk

Per Gallon (full 5 gallon can or larger)	.06 per point (viz. 1% butterfat)
Per Gallon (less than 5 gallon lot)	.065 per point (viz.1% butterfat)
21-23 percent Butterfat - single	
Per Quart Bottle	.40
Per Pint Bottle	.26
Per Half Pint Bottle	.13
34-36 percent Butterfat - double	
Per Quart Bottle	.60
Per Pint Bottle	.40
Per Half Pint Bottle	.20
Sour, 21-23 Percent Butterfat	
Per Quart Bottle	.40
Per Pint Bottle	.26
Per Half Pint Bottle	.13

4. Cottage Cheese

Per Pound Bulk	.12
Per 12 oz. Glass or Carton	.12
Per 10 oz. Glass or Carton	.10

5. Skimmed Milk

Per Gallon (Full 5 gallon can or larger)	.20
Per Gallon (less than 5 gallon lot)	.24
Per Quart Bottle	.07

II. WHOLESALE PRICE SCHEDULE TO JOBBERS ONLY-AT PROCESSOR'S PLATFORM

6. Milk, Creamed or Churned Buttermilk or Flavored Milk

Per Gallon (Full 5 Gallon can or larger)	.31
Per Gallon (less than 5 gallon lot)	.34
Per Quart Bottle	.08
Per Pint Bottle	.05 1/2
Per Half Pint Bottle	.0275

7. Buttermilk-Plain

Per Gallon (Full 5 gallon can or larger)	.19
Per Gallon (Less than 5 gallon lot)	.22
Per Quart Bottle	.06
Per Half Pint Bottle	.0275

8. Cream-Bulk

Per Gallon (Full 5 gallon can or larger)	.0575 per point (viz. 1% butterfat)
Per Gallon (less than 5 gallon lot)	.0625 per point (viz. 1% butterfat)

Exhibit C - page 3

21-23% Butterfat - Single
Per Quart Bottle..... .38
Per Pint Bottle..... .25
Per Half Pint Bottle..... .12

34-36% Butterfat - Double
Per Quart Bottle..... .57
Per Pint Bottle..... .38
Per Half Pint Bottle..... .19

Sour - 21-23% Butterfat
Per Quart Bottle..... .38
Per Pint Bottle..... .25
Per Half Pint Bottle..... .125

9. Cottage Cheese
Per Pound Bulk..... .11
Per 12 oz. Glass or Carton..... .11
Per 10 oz. Glass or Carton..... .09

10. Skimmed Milk
Per Gallon (Full 5 gallon can or larger)..... .19
Per Gallon (Less than 5 gallon lot)..... .22
Per Quart Bottle..... .06

III. RETAIL PRICE SCHEDULE

	Cash and Carry Out of Stores	Retail Other Than Cash and Carry
11. Milk, Creamed or Churned Buttermilk or Flavored Milk Per Quart Bottle.....	.10	.11
Per Pint Bottle.....	.07	.07
Per Half Pint Bottle.....	.05	.05
12. Buttermilk - Plain		
Per Quart Bottle.....	.075	.08
13. Cream		
21-23% Butterfat - Single		
Per Quart Bottle.....	.48	.50
Per Pint Bottle.....	.28	.30
Per Half Pint Bottle.....	.14	.15
34-36% Butterfat - Double		
Per Quart Bottle.....	.68	.70
Per Pint Bottle.....	.48	.50
Per Half Pint Bottle.....	.24	.25
Sour - (21-23% Butterfat)		
Per Quart Bottle.....	.48	.50
Per Pint Bottle.....	.28	.30
Per Half Pint Bottle.....	.14	.15
14. Cottage Cheese		
Per Pound Bulk.....	.16	.17
Per 12 oz. Glass or Carton.....	.13	.14
Per 10 oz. Glass or Carton.....	.11	.12

V. MISCELLANEOUS PROVISIONS

1. Milk sold as whole milk, whether at retail or wholesale, in bottles or in bulk, shall contain not less than 4.0% butterfat.

2. Wholesale sales are sales to any store licensed under state, county, or municipal laws for the resale of milk and to any school, hotel, restaurant, hospital, institution, or boarding house, using a minimum of six quarts of whole milk per day. Dairy products may be furnished at established wholesale prices for church, lodge, community and similar functions.

3. Milk sold in the customary way by established producers or distributors to meet a select demand may be sold at prices that prevailed since July 16th, 1933, and prior to the effective date of this agreement, provided, however, that such prices for quarts of bottled milk shall in no case be below the price as set forth in the foregoing schedule.

4. A jobber is a person who purchases fluid milk from distributors for resale from truck or wagon.

5. Sales to any public unemployment relief agency may be made at prices less than those set forth in the foregoing schedules. The Equalization Fund Committee shall at once make recommendations to the Secretary on special prices for such relief milk at cost of distribution without profit to the distributor.

6. Where milk is sold by stores or at wholesale, in glass bottles, a deposit charge of 3 cents per bottle shall be made, refundable upon return of the bottle.

EXHIBIT D

RULES OF FAIR PRACTICES

The following practices are considered unfair and shall not be engaged in by contracting distributors or by their officers, employees, or agents:

1. Any method or device whereby fluid milk is sold or offered for sale at a price less than stated in the Agreement, whether by any discount, rebate, free service, merchandise, advertising allowance, credit for bulk fluid milk return, loans or credit outside the usual course of business, or other valuable consideration, or combined price for such milk, together with another commodity sold or offered for sale, whether separately or otherwise, or whereby a subsidy is given for either business or information or assistance in procuring business.

2. It shall be considered unfair practice to place an employee or agent in a territory, which within six months previously, he had covered in any capacity for another distributor.

AUTHORIZATION TO CORRECT TYPOGRAPHICAL ERRORS
TO BE EXECUTED BY ALL SIGNERS

We, the undersigned, hereby authorize B. B. Derrick to consent on our behalf to the correction of any typographical errors which the Agricultural Adjustment Administration may consider it advisable to make in the Marketing Agreement for Milk, Falls Cities Metropolitan Sales Area.

_____ Date

_____ Firm Name

By_____ Name Title (If Corporation) SEAL

Corporations only

CERTIFICATION OF RESOLUTION

At a duly convened meeting of the Board of Directors of _____ held at _____ on the _____ day of _____, 1933, the following resolution was adopted.

RESOLVED, that _____ shall become a party to the Marketing Agreement for Milk, Falls Cities Metropolitan Area, as read and explained to the meeting, and it is further Resolved, that _____ (title) _____ (title) and _____ (title) be, and hereby are authorized and directed to sign, execute and deliver a counterpart of the said Agreement attached hereto, to the Secretary of Agriculture, together with an authorization, naming B. B. Derrick to correct typographical errors.

I, _____ Secretary of _____ do hereby certify that this is a true and correct copy of a resolution adopted at the above named meeting, as said resolution appears in the minutes thereof.

_____

_____ Address of firm. SEAL

AND SEAL AT SIGNATURE LINE IN BODY OF CONTRACT.

Docket No. 66

UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL ADJUSTMENT ADMINISTRATION

PROPOSED

MARKETING AGREEMENT

FOR MILK

FALLS CITIES SALES AREA

This Marketing Agreement in its present form is proposed as the basis of a public hearing for the above-mentioned Falls Cities Sales Area, and none of the provisions contained herein are to be regarded as having received the approval of the Agricultural Adjustment Administration as applying to this Market.

I hereby certify that this is a true and correct copy of the proposed Marketing Agreement for Milk, Falls Cities Sales Area, on file in the Office of the Chief Hearing Clerk, United States Department of Agriculture, Agricultural Adjustment Administration.

(Signed) James K. Knudson
Acting Chief Hearing Clerk.

Dated: April 13, 1934.

Washington, D. C.

PROPOSED MARKETING AGREEMENT FOR MILK

FALLS CITIES SALES AREA

The parties to this Agreement are the contracting distributors, the contracting producers, and the Secretary of Agriculture of the United States.

WHEREAS, it is the declared policy of Congress, as set forth in Section 2 of the Agricultural Adjustment Act, approved May 12, 1933, as amended:

(1) to establish and maintain such balance between the production and consumption of agricultural commodities and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural comodities in the base period; the base period in the case of all agricultural commodities except tobacco being the pre-war period, August, 1909 - July, 1914; and

(2) to approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate as is deemed feasible in view of the current consumptive demand in domestic and foreign markets; and

(3) to protect the consumers' interest by readjusting farm production at such level as will not increase the percentage of the consumers' retail expenditures for agricultural commodities, or products derived therefrom which is returned to the farmer, above the percentage which was returned to the farmer in the pre-war period August, 1909 - July, 1914; and

WHEREAS, pursuant to the Agricultural Adjustment Act, the parties hereto, for the purpose of correcting conditions now obtaining in the production of milk and the distribution thereof in the Falls Cities Sales Area, and to effectuate the declared policy of the Act, desire to enter into a Marketing Agreement under the provisions of Section 8 (2) of the Act:

NOW, THEREFORE, the parties hereto agree as follows:

I

As used in this Agreement, the following words and phrases shall be defined as follows:

A. "Producer" means any person, irrespective of whether any such person is also a distributor, who produces milk in conformity to the applicable health requirements of the Falls Cities Sales Area for milk to be sold for consumption as whole milk in the Falls Cities Sales Area.

B. "Distributor" means any of the following persons, irrespective of whether any such person is a producer or an association of producers, wherever located or operating, whether within or without the Falls Cities Sales Area, engaged in the business of distributing, marketing, or in any manner handling, in whole or in part, whole milk or cream for ultimate consumption in the Falls Cities Sales Area:

1. Persons

   (a) who pasteurize, bottle or process milk or cream;

   (b) who distribute milk or cream at wholesale or retail (1) to hotels, restaurants, stores or other establishments for consumption on the premises, (2) to stores or other establishments for resale, or (3) to consumers;

   (c) who operate stores or other establishments selling milk or cream at retail for consumption off the premises.

2. Persons who purchase, market or handle milk or cream for resale in the Falls Cities Sales Area.

C. "Falls Cities Sales Area" means (a) the territory within the corporate limits of the City of Louisville, the territory within the County of Jefferson, and the Fort Knox United States Military Reservation, all in the State of Kentucky; and (b) the territory within the corporate limits of the City of New Albany and of the City

Jeffersonville and the territory within the Counties of Floyd and Clark, all in the State of Indiana.

D. "Secretary" means the Secretary of Agriculture of the United States.

E. "Act" means the Agricultural Adjustment Act approved May 12, 1933, as amended.

F. "Person" means individual, partnership, corporation, association or any other business unit.

G. "Subsidiary" means any person of, or over whom or which, a distributor or an affiliate of a distributor has, or several distributors collectively have, either directly or indirectly, actual or legal control, whether by stock ownership or in any other manner.

H. "Affiliate" means any person and/or any subsidiary thereof, who or which has, either directly or indirectly, actual or legal control of or over a distributor, whether by stock ownership or in any other manner.

I. "Books and records" mean books, records, accounts, contracts, memoranda, documents, papers, correspondence or other data pertaining to the business of the person in question.

J. "Market Administrator" means the person designated pursuant to Exhibit A, which is attached hereto and made a part hereof.

II

1. The schedule governing the prices at which, and the terms and conditions under which, distributors shall purchase and/or accept delivery of milk from producers, shall be that set forth in Exhibit A.

2. Except as provided in Exhibit A, no distributor shall purchase milk from producers except (a) those producers having bases, which are to be reported as provided in Exhibit B, which is attached hereto and made a part hereof, and (b) new producers pursuant to the provisions of Exhibit A.

3. No distributor shall purchase milk from any producer unless such producer authorizes such distributor, with respect to payments for milk purchased from such producer, to comply with the provisions of Exhibit A.

4. (a) The distributors shall severally, from time to time, upon the request of the Secretary, furnish him with such information as he may request, on and in accordance with forms of reports to be supplied by him, for the purposes of (1) assisting the Secretary in the furtherance of his powers and duties with respect to this Agreement and/or (2) enabling the Secretary to ascertain and determine the extent to which the declared policy of the Act and the purpose of this Agreement are being effectuated; such reports to be verified under oath. The Secretary's determination as to the necessity of and the justification for the making of any such reports, and the information called for thereby, shall be final and conclusive.

(b) For the same purposes and/or to enable the Secretary to verify the information furnished him on said forms of reports, all the books and records of each distributor and the books and records of the affiliates and subsidiaries of each distributor, shall, during the usual hours of business, be subject to the examination of the Secretary. The Secretary's determination as to the necessity of and the justification for any such examination shall be final and conclusive.

(c) The distributors and their respective affiliates and subsidiaries shall severally keep books and records which will clearly reflect all the financial transactions of their respective businesses and the financial condition thereof.

(d) All information furnished the Secretary, pursuant to this paragraph, shall remain confidential in accordance with the applicable General Regulations, Agricultural Adjustment Administration.

5. No distributor shall purchase milk or cream from, or process or distribute milk or cream for, or sell milk or cream to, any other distributor of whom he has notice that such other distributor is violating any provision of this Agreement, without first reporting such violation to the Market Administrator.

6. The Secretary may, by designation in writing, name any person, including any officer or employee of the Government, to act as his representative in connection with any of the powers provided in this Agreement to be exercised by the Secretary.

7. Each distributor who is obligated to report pursuant to paragraph 4 of Section A of Exhibit A shall, within thirty days after the effective date of the Agreement, furnish to the Market Administrator a bond with good and sufficient surety thereon, satisfactory to the Market Administrator (in an amount not in excess of the purchase value of the milk purchased by such distributor during any two successive delivery periods as designated by the Market Administrator) for the purpose of securing the fulfillment of such distributor's obligations as provided in Exhibit A. Any distributor who commences to do business after the effective date of the Agreement shall, as a condition precedent to engaging in such business, furnish to the Market Administrator a bond in conformity with the foregoing provision.

The Market Administrator may, (a) if satisfied from the investigation of the financial conditions of a distributor that such distributor is solvent and/or possessed of sufficient assets to fulfill his said obligations, or (b), if, pursuant to a State statute, a distributor has furnished a bond with good and sufficient surety thereon in conformity with the foregoing provision, waive the requirements of the bond as to such distributor. Such distributor may, upon a change in such circumstances, be required by the Market Administrator to comply with the foregoing requirement.

8. If any provision in this Agreement is declared invalid, or the applicability thereof to any person, circumstance, or thing is held invalid, the validity of such provision and of the remainder of this Agreement and/or the applicability thereof to any other person, circumstance or thing shall not be affected thereby.

9. Nothing herein contained shall be construed in derogation of the right of the Secretary to exercise any powers granted him by the Act, and in accordance with such powers, to act in the premises whenever he shall deem it advisable.

10. This Agreement shall take effect as to every distributor at the time and upon the date set forth herein above the signature of the Secretary, and shall continue in force until terminated in one of the following ways:

(a) The Secretary may at any time terminate this Agreement as to all parties hereto, by giving at least one day's notice by means of a press release or in any other manner which the Secretary may determine.

(b) The Secretary may at any time terminate this Agreement as to any party signatory hereto, by giving at least one day's notice, by depositing the same in the mail addressed to such party

at his last known address.

(c) The Secretary shall terminate this Agreement upon the request of seventy-five percent (75%) of the contracting producers, measured by total volume of milk produced and marketed by contracting producers for distribution, during the calendar month next preceding the date of any such request, or seventy-five percent (75%) of the distributors, measured by total volume of milk distributed by the distributors during such calendar month, by giving notice in the same manner as provided in section (a) of this paragraph.

(d) This Agreement shall in any event terminate whenever the provisions of the Act authorizing it cease to be in effect.

11. Any term of this Agreement, with the exception of paragraph 10 hereof, may be amended upon the consent of (a) seventy-five percent (75%) of the contracting producers, measured by total volume of milk produced and marketed by the contracting producers for distribution during the calendar month next preceding the date of any such amendment, and (b) seventy-five percent (75%) of the distributors, measured by total volume of milk distributed by distributors during such calendar month; provided, however, that any such amendment shall become effective only upon the written approval of the Secretary.

12. This Agreement confers no exemption from the antitrust laws of the United States and does not make lawful any acts otherwise unlawful, excepting as provided in the Act to the extent necessary to accomplish the purposes of this Agreement.

13. The benefits, privileges and immunities conferred by virtue of this Agreement shall cease upon its termination, except with respect to acts done prior thereto; and the benefits, privileges and immunities conferred by this Agreement upon any party signatory hereto shall cease upon its termination as to such party, except with respect to acts done prior thereto.

14. This Agreement may be executed in multiple counterparts, which, when signed by the Secretary, shall constitute, when taken together, one and the same instrument as if all such signatures were contained in one original.

15. After this Agreement first takes effect, any association of producers or any non-contracting distributor may become a party to this Agreement, if a counterpart thereof is executed by him and by the Secretary. This Agreement shall take effect as to such new contracting party at such time as the Secretary may declare above his signature attached to such counterpart, and the benefits, privileges, and immunities conferred by this Agreement shall then be effective as to such new contracting party.

16. The distributors hereby apply for and consent to licensing by the Secretary, subject to the applicable General Regulations of the Agricultural Adjustment Administration.

IN WITNESS WHEREOF the contracting producers and the contracting distributors, acting under the provisions of the Agricultural Adjustment Act, for the purposes and subject to the limitations therein contained, and not otherwise, have hereunto set their respective hands and seals.

_____

_____

_____

WHEREAS, it is provided by Section 8 of the Act as follows:

> "In order to effectuate the declared policy, the Secretary of Agriculture shall have power - - - - (2) To enter into marketing agreements with processors, associations of producers, and others engaged in the handling, in the current of interstate or foreign commerce of any agricultural commodity or product thereof, after due notice and opportunity for hearing to interested parties. The making of any such agreement shall not be held to be in violation of any of the anti-trust laws of the United States, and any such agreement shall be deemed to be lawful; Provided, That no such agreement shall remain in force after the termination of this Act."

And --

WHEREAS, due notice and opportunity for hearing to interested parties has been given pursuant to the provisions of the Act, and the regulations issued thereunder; and

WHEREAS, the Secretary finds (1) that the contracting producers are engaged in the marketing of milk and that the contracting distributors are engaged in the handling of milk and its products in the current of interstate commerce; and (2) that the marketing of milk and the distribution of milk and its products in intrastate commerce is inextricably intermingled with the marketing of milk and the distribution of milk and its products in interstate commerce; and

WHEREAS, it appears after due consideration, that this Agreement will tend to effectuate the policy of Congress declared in Section 2 of the Act, as hereinbefore in this Agreement set forth;

NOW THEREFORE, I, Henry A. Wallace, Secretary of Agriculture, acting under the provisions of the Agricultural Adjustment Act, for the purpose and within the limitations therein contained, and not otherwise, do hereby execute this Agreement under my hand and official seal of the Department of Agriculture, in the City of Washington, District of Columbia, on this ____ day of _____, and pursuant to the provisions hereof, declare this Agreement to be effective on and after _____ M. Eastern Standard Time.
_____ _ _____.

_____
Secretary of Agriculture.

EXHIBIT A

Marketing Plan

SECTION A. Cost of Milk to Distributors.

1. Each distributor, except as hereinafter provided, shall be obligated to pay, in the manner hereinafter provided, the following prices for milk, of 4.0 per cent butterfat content, which he has purchased from producers (including new producers as defined in Section F of this Exhibit), delivered f.o.b. distributors plant in the Falls Cities Sales Area:

Class I - $2.00 per hundredweight.

Class II - For each hundred pounds of milk, four times the average price per pound of 92 score butter at wholesale in the Chicago market as reported by the United States Department of Agriculture for the delivery period during which such milk is purchased, plus 30 per cent thereof, plus 20 cents.

Class III - For each hundred pounds of milk four times the average price per pound of 92 score butter at wholesale in the Chicago market as reported by the United States Department of Agriculture for the delivery period during which such milk is purchased, plus 10 per cent.

The term "delivery period" shall mean the period from the 1st to, and including, the last day of each month.

2. Class I milk means all milk sold or distributed by distributors as whole milk for consumption in the Falls Cities Sales Area.

Class II milk means all milk used by distributors to produce cream for sale or distribution by distributors as cream for consumption in the Falls Cities Sales Area.

Class III milk means the quantity of milk purchased, sold, used or distributed by distributors in excess of Class I and Class II milk.

Milk delivered to a distributor by producers during any delivery period and sold or distributed as milk or cream outside the Falls Cities Sales Area or sold by such distributor to another distributor (including any person, defined as such, in the Agreement who sells, uses or distributes such milk or cream in any market with respect to which no Agreement is in effect pursuant to Sections 8 (3) of the Act covering such purchase from producers and such sale as milk or cream) shall be accounted for by the first distributor as Class I or Class II milk, respectively, unless such first distributor, on or before the date fixed for filing reports with the Market Administrator for such delivery period shall furnish to the Market Administrator proof satisfactory to the Market Administrator that such milk or cream has been utilized for a purpose other than sale, use or distribution for ultimate consumption as milk or cream, in which event such milk or cream shall be classified in accordance with such other use.

Any distributor who does not sell or distribute whole milk for ultimate consumption in the Falls Cities Sales Area may purchase milk from producers who do not have established bases. Such distributors

(a) shall not be subject to any of the terms or provisions of this Exhibit, with respect to milk purchased from producers who do not have established bases; but

(b) may at any time, with respect to such milk, be required by the Market Administrator to submit reports, containing such information as the Market Administrator may require, similar to the kind of information reported by other distributors pursuant to paragraph 4 hereof, which information shall be kept confidential in the manner provided in such paragraph.

3. The <u>established base</u> for each producer shall be the quantity of milk allotted to such producer in accordance with the provisions of Exhibit B.

The delivered base for each producer shall be that quantity of milk delivered by such producer to distributors which is not in excess of 80 percent of the established base of such producer.

The delivered base for each distributor required to report pursuant to paragraph 4 (b) shall be the quantity of milk produced by such distributor and sold, used or distributed by him as Class I, Class II, and Class III milk which is not in excess of 80 percent of the established base of such distributor.

The Market Administrator may, in his discretion, adjust the percentage of established bases constituting delivered bases upward so that the total of all delivered bases may so far as practicable be equal to the total quantity of milk sold or used by distributors as Class I and Class II milk ; provided that such percentage shall in no event exceed 100 percent of the base of each producer.

4. (a) On or before the 5th day of each delivery period each distributor to whom milk was delivered during the preceding delivery period by producers who are not also distributors shall report to the Market Administrator in a manner prescribed by the Market Administrator:

(1) The actual deliveries of the producers (and new producers) supplying such distributor, the total quantity of milk represented by the delivered bases of all such producers, and the total quantity of milk represented by the excesses over delivered bases of all such producers;

(2) The actual deliveries, if any, made to him by other distributors;

(3) The quantities of milk delivered which were sold, used or distributed by him as Class I, Class II, and Class III milk, respectively; and

(4) Such other information as the Market Administrator may request for the purpose of performing the provisions of this Exhibit.

(b) Each distributor who produces milk distributed by him as whole milk or cream and who either:

(1) sells part of the milk produced by him to other distributors (other than those who operate only stores or other similar establishments) or to manufacturing plants, or

(2) purchases milk from other producers or distributors for distribution as whole milk or cream, or

(3) whose average daily sales of milk, cream, or products thereof, during any delivery period exceed the equivalent of 250 pounds of milk,

shall be obligated to account to the Market Administrator for all of his sales of Class I, Class II, and Class III milk at the prices indicated in paragraph 1 of this Section, and each such distributor shall submit reports to the Market Administrator on or before the 5th day of each delivery period, containing the same information with respect to the preceding delivery period required in subdivision (a) of this paragraph, and in addition thereto the total amount of milk produced by such distributor and sold during such delivery period as Class I, Class II, and Class III milk, indicating the quantity of such milk represented by his delivered base.

All information furnished the Market Administrator pursuant to this paragraph shall remain confidential in accordance with the provisions of the applicable General Regulations, Agricultural Adjustment Administration, but any such information shall be submitted by the Market Administrator to the Secretary at any time upon the request of the Secretary.

5. With respect to each delivery period, the Market Administrator shall:

(a) Compute the total value, in each class, of all the milk as reported by each and all distributors pursuant to paragraph 4, on the basis of the prices set forth in paragraph 1, which computation shall not include milk purchased by distributors from other distributors,

(b) Compute the total quantity of milk by hundredweight represented by the delivered bases of all producers as reported pursuant to paragraph 4.

(c) Compute the value of the milk purchased, sold or used by all distributors in excess of the total delivered bases as reported pursuant to paragraph 4 of all producers excluding new producers, by multiplying such excess quantity of milk by the price provided for in paragraph 1 for Class III milk.

(d) Compute the total amounts to be paid to new producers by all distributors as reported pursuant to paragraph 4 on the basis of the price set forth in Section F of this Exhibit.

(e) Compute the total value of the quantity of milk represented by the total delivered bases of all producers by subtracting from the amount obtained in subdivision (a) the amounts obtained in subdivisions (c) and (d).

(f) Compute the blended price for the quantity of milk represented by the total delivered bases of all producers by dividing the amount obtained in subdivision (e) by the quantity of milk represented by the total delivered bases of all producers as determined in subdivision (b).

6. On or before the 10th day of each delivery period the Market Administrator shall notify all distributors who have reported pursuant to paragraph 4, of the blended price as determined above and of the Class III price as provided for in paragraph 1 above.

Each such distributor shall pay to producers (including new producers) on or before the 15th day of each delivery period for milk delivered by such producers during the preceding delivery period subject to adjustments and deductions which are to be made

pursuant to Sections B and C of this Exhibit:

(a) to producers at the blended price for the quantity of milk delivered by each producer represented by such producer's delivered base; and

(b) to producers at the Class III price for the quantity of milk delivered by such producers in excess of such producers' delivered bases;

(c) to new producers at the prices provided in Section F.

Provided that nothing in this Agreement shall be construed as controlling or restricting any producers' co-operative association with respect to the actual deductions or charges, dividends or premiums to be made by such association from and/or to its members.

7. The Market Administrator shall maintain for each distributor an adjustment account:

(a) which shall be debited for the total value of the quantity of milk reported as received, sold, distributed or used by such distributor during the preceding delivery period computed pursuant to subdivision (a) of paragraph 5; and

(b) which shall be credited for the total value of the quantity of milk reported by such distributor pursuant to paragraph 4 (excluding milk delivered by other distributors) on the basis of the prices to be paid to producers (and new producers) pursuant to paragraph 6. Such credit shall be made before giving effect to the adjustments and deductions provided for in Sections B and C of this Exhibit.

Balances due to the Market Administrator on adjustment accounts with respect to milk purchased during any delivery period shall be paid to the Market Administrator on or before the 15th day of the following delivery period. Any funds so paid to the Market Administrator shall be paid out by him prorata, as soon as reasonably possible, among (and to the extent that) those distributors are entitled

to receive adjustments.

8. Any error in computation of payments or any discrepancies in reports of distributors or in the adjustment accounts shall be adjusted when settlements are made with respect to the following delivery period. Whenever the Market Administrator has a balance on hand in excess of any adjustments to be made to distributors, he may distribute such balance or any part thereof in an equitable manner among producers in the Market.

9. The Market Administrator and/or Falls Cities Co-Operative Milk Producers Association, Inc., hereinafter called the "Association," shall at all reasonable times have the right to check sampling, weighing, and butterfat tests made by distributors, for the purpose of determining the accuracy thereof. In the event of a discrepancy between weights and tests reported by distributors and weights and tests determined by the Market Administrator and/or the Association, settlements shall be made by distributors upon the basis of such weights and such butterfat content as the Market Administrator may in each case decide.

SECTION B. Adjustments in Payments to Producers.

1. All distributors shall make the following additional payments to, or be entitled to make the following deductions from as the case may be, the payments to be made to producers (including new producers) pursuant to Section A:

(a) If any producer has delivered to any distributor, during any delivery period, milk having an average butterfat content other than 4.0 per cent, such distributor shall pay to each such producer a differential per hundred pounds for each 1/10th of 1 per cent of average butterfat content, or shall be entitled to deduct such differential per hundred pounds for each 1/10th of 1 per cent of average butterfat content below 4.0 per cent, in accordance with the following table of differentials;

When average daily price of 92 score butter at Chicago is:	Differential shall be:
15 - 19.99 cents per pound	2 cents
20 - 24.99 " " "	2-1/2 "
25 - 29.99 " " "	3 "
30 - 34.99 " " "	3-1/2 "
35 - 39.99 " " "	4 "

(b) Any distributor may, with the prior approval of the Market Administrator, make payments to producers in addition to the prices provided for in paragraph 5 of Section A, provided that such additional payments are made to all producers supplying such distributor with milk of similar quality and grade.

SECTION C. Deductions from Payments to Producers.

1. Each distributor shall deduct 1 cent per hundredweight from the payments to be made by him pursuant to Section A in regard to all milk delivered to him, and shall pay over such deduction to the Market Administrator simultaneously with making payment to producers for milk purchased.

Each distributor, who also produces milk which is sold used or distributed as either Class I, Class II, or Class III milk, shall, on or before the 15th day after the end of each delivery period, pay to the Market Administrator 1 cent per hundredweight with respect to all the milk produced by such distributor and sold, used, or distributed by him as Class I, Class II, or Class III milk during the preceding delivery period.

2. Each distributor shall, in addition, deduct from the payments to be made by him pursuant to Section A in regard to all milk delivered to him by producers who are not members of Falls Cities Co-Operative Milk Producers Association, Inc., hereinafter called the "Association", an amount equal to the deductions authorized by the members of the Association, for furnishing benefits to such members which deductions, however, shall in no event exceed 4 cents per hundredweight. Such deductions shall be paid over to the Market Administrator, simultaneously with making payments to producers for milk purchased.

3. The Market Administrator, in his discretion, may at any time waive the foregoing payments, or any part thereof for any delivery period (in which event the deductions for payments so waived shall not be made by the distributors from payments to producers); provided, however, that any such waiver shall be equal (a) among all producers with respect to the amounts paid to the Market Administrator pursuant to paragraph 1 above, and (b) among all producers not members of the Association with respect to the amounts deducted pursuant to paragraph 2 above.

4. The Market Administrator shall maintain separate accounts for the payments made to him pursuant to paragraphs 1 and 2. The Market Administrator shall apportion such monies in the following manner:

(a) The payments made pursuant to paragraph 1 shall be retained by the Market Administrator to meet his cost of operation; provided, however, that any such funds which may remain over from such payments in excess of the cost of operation for any particular delivery period, shall be applied by the Market Administrator in meeting his cost of operation for the succeeding delivery period, and to the extent that it may be practical, the Market Administrator shall waive a portion of such deduction for the succeeding delivery period as hereinabove provided.

(b) The payments made pursuant to paragraph 2 shall be retained by the Market Administrator in a separate fund and shall be expended by him for the purpose of securing for producers who are not members of the Association, market information, supervision of weights and tests, guarantee against failure by distributors to make payments for milk purchased, and other similar benefits; provided, however, that the Market Administrator may, in his discretion, employ the facilities and services of any agent or agents, and pay over such funds in such amount as he may determine to such agent or agents for the purpose of securing to such non-members the aforementioned benefits, if such benefits to non-members may be more efficiently and economically accured thereby. The Market Administrator shall pay over such funds to such agent or agents, if he determines to do so, only upon the consent of such agent or agents: (a) to keep its or their books and records in a manner satisfactory to the Market Administrator; (b) to permit the Market Administrator to examine its or their books and records, and to furnish the Market Administrator such verified reports or other information as the Market Administrator may from time to time request; and (c) to disburse such funds in the manner above provided.

(c) Whenever the Market Administrator has a balance on hand in either of the accounts provided for in subdivisions (a) and (b) of this paragraph, he may distribute such balance, or any part thereof, in an equitable manner, among the producers (including new producers); provided, however, that any such distribution of the balance in the account provided for in subdivision (a) shall be made to all producers (including new producers), and any such distribution of the balance provided for in subdivision (b) shall be made only to all producers (including new producers) who are not members of the Association.

SECTION D. The Market Administrator - His Designation, Duties and Compensation.

The Secretary shall designate the Market Administrator who shall perform such duties as may be provided for him in the Agreement. The Market Administrator so designated shall be subject to removal, at any time, by the Secretary. The Market Administrator shall be entitled: (a) to reasonable compensation, which shall be determined by the Secretary; (b) to borrow money to meet his cost of operation until such time as the first payments are made to him pursuant to Section C of this Exhibit, which monies shall be repaid out of the payments retained by the Market Administrator pursuant to paragraph 4, subdivision (a), of said Section C; and (c) to incur such other expenses, including compensation for persons employed by the Market Administrator as the Market Administrator may deem necessary for the proper conduct of his duties, and the cost of procuring and continuing his bond, which total expenses shall be deemed to be the cost of operation of the Market Administrator. The Market Administrator shall not be held personally responsible in any way whatsoever to any person for errors in judgment, mistakes of fact or other acts, either of commission or omission, except for acts of dishonesty, fraud, or malfeasance in office.

The Market Administrator shall keep such books and records as will clearly reflect the financial transactions provided for in this Agreement. The Market Administrator shall permit the Secretary to examine his books and records at all times, and furnish the Secretary such verified reports or other information as the Secretary may, from time to time, request of him.

The Market Administrator shall have the right to examine the books and records of the distributors and the books and records of the affiliates and subsidiaries of each distributor for the purpose of (1) verifying the reports and information furnished to the Market Administrator by each distributor pursuant to this Agreement and/or (2) in the event of the failure of any distributor to furnish reports or information as required by this Agreement, obtaining the information so required.

SECTION E. Establishment of Milk Industry Board.

The Secretary may, in his discretion, at any time establish a Milk Industry Board, which shall have representation of producers, distributors, and the public. In establishing the Milk Industry Board, the Secretary will give due consideration to the recommendations and nominations by various groups of producers, distributors, and the public. The Milk Industry Board shall have such duties and powers as the Secretary may, from time to time, delegate to it in order to effectuate the provisions and purposes of the Agreement. The Secretary may further, in his discretion, authorize and direct the Market Administrator to pay over to the Milk Industry Board for the purpose of meeting its general expenses, a portion of the monies paid to the Market Administrator for his cost of operation, pursuant to Section C of this Exhibit, providing that such portion shall in no event exceed 1/4 cent per hundred pounds of milk for which such payment is made.

SECTION F. New Producers.

1. New producers shall be those producers whose milk was neither being purchased by distributors nor being distributed in the Falls Cities Sales Area within 90 days prior to the effective date of this Agreement.

During the first 90 days that the milk of any such producer is sold to distributors, or is distributed within the Falls Cities Sales Area, the price to be paid to such producer for all milk delivered by him shall be the Class III price.

The Market Administrator shall allot a base to each new producer prior to the expiration of the first delivery period during which his milk is being sold in the Falls Cities Sales Area, which base shall be allotted in accordance with the provisions of Exhibit B hereof.

During any emergency period when the normal supply of milk from producers who have established bases is not sufficient to meet the Class I requirements of any distributor, such distributor may, with the prior approval of the Market Administrator, purchase milk of any producer who has no base; provided, however, that in any such event, the producer selling such milk shall be paid for the same depending upon the ultimate use of such milk and at the prices as provided for in paragraph 1, Section A, and such payment shall not be included in the computation as provided in paragraph 5, Section A, but shall be reported separately to the Market Administrator by the distributor who purchased the milk from such producer.

EXHIBIT B

RULES FOR ESTABLISHMENT OF BASES

1. For the purposes of the Agreement, the term "established base" as used in respect to any producer, shall mean:

(a) In the case of producers who are members of the Falls Cities Co-Operative Milk Producers Association, Inc., the quantity of milk recorded as such bases in the files and records of the said Association; provided, that such Association has given the Market Administrator access to such filesand records.

(b) In the case of producers who are not members of the Falls Cities Co-Operative Milk Producers Association, Inc., bases shall be allotted by the Market Administrator, which bases shall be equitable as compared with the bases established pursuant to subdivision (a) above.

2. The Market Administrator may make such revisionsin the bases of any and all producers as he may, from time to time, deem necessary or advisable, to the end that such bases may be equitable as among producers and that the total of all established bases may, so far as practical, be equal to the total quantity of milk sold or used by distributors as Class I and Class II milk.

3. Every distributor shall, within ten days of the effective date of this Agreement submit to the Market Administrator written reports, verified under oath, containing the following information (1) with respect to each producer who has delivered milk to such distributor, and (2) for each calendar month during the years of 1933 and 1934 or such portion thereof as the producer may have delivered milk; (a) the total pounds of delivered milk, (b) the average percentage of butterfat in such delivered milk, (c) the total pounds of butterfat in such delivered milk.

Each distributor required to report pursuant to paragraph 4 of Section A of Exhibit A shall, in addition to the foregoinginformation, include in the report submitted by him astatement containing the following information with respect to each calendar month during the years 1933 and 1934 or such portion thereof as such distributor may have distributed or sold milk produced by himself; (a) the total quantity of milk produced by him and sold by him asClass I, Class II, and Class III milk, (b) the average percentage of butterfat in such milk, and (c) the total number of pounds of butterfat in such milk

Each distributor upon commencing to receive milk from any producer not reported by him to the Market Administrator under this paragraph 3 shall immediately report to the Market Administrator the name of such producer and the date such producer's milk was first received.

4. When bases are established for producers, as hereinabove provided, the Market Administrator shall notify each distributor of the bases of the producers, including those producers who are members of the Falls Cities Co-Operative Milk Producers Association, who are delivering milk to such distributor. Before the expiration of the first 90 days that the milk of a newproducer is sold to distributors, the Market Administrator shall notify the distributors of the base of such new producer.

5. A producer with a base whether landlord or tenant may retain his base, when moving his entire herd from one farm to another farm.

6. A tenant with a base may retain his base, when moving his entire herd from one farm, on which his base and herd were combined with the base and herd of a landlord, to another farm on which his base and herd will be combined with those of another landlord.

7. A landlord who rents on shares is entitled to the entire base to the exclusion of the tenant, if the landlord owns the entire herd on such farm. Likewise the tenant who rents on shares is entitled to the entire base to the exclusion of the landlord if the tenant owns the entire herd on such farm. If the cattle are jointly owned by tenant and landlord, the base will be divided between the joint owners according to theownership of the cattle.

8. Any producer who voluntarily ceases to market milk for ultimate consumption as whole milk in the Falls Cities SalesArea for a period of more than 45 consecutive days, shall forfeit his base. In the event that he resumes production thereafter, he shall be treated, for the purpose of these rules, as if he were a new producer.

9. A base may be transferred by the Market Administrator from one producer to another upon the transfer of the entire herd.

10. Any producer whose average daily shipment for any three consecutive months is lessthan 70 per cent of his base will thereby establish a new base equal to his average daily shipment.